

CY2005 Adjusted Community Rate (ACR) Questions & Answers

Requirements for employer/labor group members of MA PPO and demonstration plans.

1.

Question: Does the PPO reimbursement or “full coverage” requirement related to out-of-network benefits apply to employer group members?

Answer: The PPO reimbursement requirement (i.e., the in- and out-of-network reimbursement requirement related to all plan benefits) will be different in 2005 for employer/labor group members of PPO plans. This will be true for employer and labor group members of both employer/labor group only plans (so-called “800” series plans) and individual/general enrollment plans (non-“800” series plans). This will also be true for employer/labor group members of both MA PPO plans and demonstration PPO plans. In 2005 employer/labor group members will **not** need to receive reimbursement for, nor will they need to be offered, all plan benefits in- and out-of-network in so far as the sponsoring employer or labor organization does not want such reimbursement/coverage provided or offered to its members. This “waiver” of the normal PPO requirements is available under §1857(i) of the Act and will only apply during the transition year of 2005. Beginning in 2006 all MA PPO plans, including those offered exclusively to employer/labor group members, will need to provide reimbursement for all MA plan benefits (in-and out-of-network) in which Medicare beneficiaries of any type are enrolled.

Requirements for provision of out-of-network services by MA PPOs

1.

Question: What special provisions apply to non-contracting providers when they provide covered services to PPO Demonstration enrollees out-of-network?

Answer: PPO Demonstration plans operate under a modified private fee-for-service (PFFS) contract. The PFFS contract was utilized because it provides maximum flexibility to create products that closely resemble commercial PPO models. In order for a benefit to be covered out-of-network under a PFFS contract, a non-contracting provider must agree to accept the plan’s payment amount for the benefit provided. The plan may also specify other requirements for non-contracted providers who provide covered services to PPO Demonstration enrollees out-of-network, e.g., provisions for how and when claims must be submitted.

PPO Demonstration plans will need to have methods in place to inform out-of-network providers of the plan’s payment rates and other requirements so that providers can decide if they want to provide benefits to PPO Demonstration enrollees. This information

should be reasonably accessible by making the information available upon written or phoned request or on the Demonstration plan's web site.

2.

Question: Do any special provisions apply to non-contracting providers when they provide covered services to non-Demonstration PPO enrollees?

Answer: In order for items and services to be covered out-of-network under a non-Demonstration PPO contract, they must be a covered plan benefit and they must be medically necessary. For basic benefits, the providers and suppliers must meet applicable requirements of title XVIII and part A of title XI of the Social Security Act – see 42 CFR 422.204(b)(3). A non-contracting provider must accept (for covered items and services provided to MA non-Demonstration PPO enrollees), as payment in full, the amount that the provider would have received from FFS Medicare for the same items and services.

The non-Demonstration PPO plan may also specify a different or higher cost-sharing liability for PPO enrollees that access covered items and services from non-network providers. For instance, cost sharing for in-network physician visits might be \$10, and 30% for out-of-network physician visits. Therefore, non-Demonstration PPO plans will need to have methods in place to ensure out-of-network providers are made aware of beneficiary cost-sharing liability, so that providers can decide if they want to provide benefits and so they can assess the appropriate cost sharing.